LIBERTY OIL & GAS LTD.

1998 ANNUAL REPORT

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(Fiscal year ended December 31, 1998)

(LIBERTY'S 1st ANNUAL REPORT)

LIBERTY OIL & GAS LTD.
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Rick Ewacha	President & CEO	543-8786
Russ Sych	Production Foreman	856-0414
Rick Doherty	Controller & CFO	543-8782
Fred Farkas	Exploration Manager	263-4455
Susan Elliot	Land Manager	543-8783
Greg Elliot	Operations Manager	543-8785
Cherie Boon	Financial Accountant	543-8780
Barbara Simpson	Production Accountant	543-8784
Don Dart	Field Operator	823-0744

INCORPORATION AND OPERATIONS

Liberty Oil & Gas Ltd. was incorporated under the Business Corporations Act of Alberta on March 8, 1994 and commenced operations on **November 6, 1995.** The Company completed a reverse takeover of Rockport Energy Corporation on **November 30, 1998** and will continue as Liberty Oil & Gas Ltd. through an amalgamation under the Canada Business Corporations Act. The Company's principal business is the acquisition, exploration, development and production of oil and gas properties in Western Canada.

Liberty is based in Calgary and is listed for trading on the **Alberta Stock Exchange** under the trading symbol **LBR**.

The number of shares issued and outstanding as of May 12, 1999 is **10,917,123.**

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1999 ANNUAL GENERAL MEETING

Place: The 400 Club
710 – 4th Avenue SW
Calgary, Alberta T2P 0K3

Time: 3:00 p.m.

Date: Friday, May 28, 1999

GLOSSARY:

ARTC	Alberta Royalty Tax Credit	**M**	Thousand
Bbl	Barrel	**MM**	Million
Bbl/d	Barrels per Day	**Mcf**	Thousand cubic feet
BOE	Barrels of Oil Equivalent (10 Mcf = 1 BOE)	**Mcf/d**	Thousand cubic feet per day
BOE/D	Barrels of Oil Equivalent per Day	**MMcf/d**	Million cubic feet per day
MBOE	Thousand Barrels of Oil Equivalent	**NGLs**	Natural Gas Liquids

CORPORATE SUMMARY

Fiscal Year Ended December 31	1998	1997
FINANCIAL		
Total Assets	**$10,873,043**	$4,252,128
Bank Loan	**$4,159,701**	$1,184,305
Shareholders' Equity	**$5,110,157**	$2,345,007
Cash Flow from Operations	**$352,170**	$115,564
Cash Flow per Share	**$0.1673**	$0.0992
Weighted Average Number of Common Shares	**2,105,645**	1,164,864
Annual Sales Volumes		
Oil + NGLs (Bbls)	**33,988**	11,750
Natural Gas (Mcf)	**646,341**	207,959
Product Prices		
Oil + NGLs (per Bbl)	**$15.11**	$23.98
Natural Gas (per Mcf)	**$2.02**	$1.83
Annual Gross Sales		
Oil + NGLs	**$513,488**	$281,728
Natural Gas	**$1,305,382**	$380,385
PRODUCTION		
Daily Average Production (Month of December)		
Oil + NGLs (BOE/D)	**232**	53
Natural Gas (BOE/D)	**190**	173
Total (BOE/D)	**422**	226
RESERVES		
Proven Plus 50% Probable Reserves		
Oil + NGLs (MBOE)	**1,227**	271
Natural Gas (MBOE)	**544**	543
Total (MBOE)	**1,771**	814

NET ASSET VALUE (at December 31, 1998)

10% Net Present Value of Reserves (Proven + 50% Probable)		**$14,955,000**
Additions:	Value attributable to salvageable equipment, seismic, undeveloped lands and 10% of year end Tax Pools	**$3,411,000**
Liabilities:	Bank loan, future site restoration and abandonment and future lease commitments	**($6,064,000)**
Net Asset Value		**$12,302,000**
Number of Common Shares Outstanding at Year End		**10,917,123**
Net Asset Value per Common Share		**$1.13**

PRESIDENT'S MESSAGE TO THE SHAREHOLDERS

HISTORY

Liberty Oil & Gas Ltd. commenced operations on November 6, 1995 as a private energy company engaged in the acquisition, exploration, development and production of oil and natural gas properties in Western Canada. During the period from November 6, 1995 to November 30, 1998, Liberty concluded 5 major acquisitions of oil and gas properties in Alberta and Saskatchewan totaling $1,384,000, drilled 4 wells in 1997 and 6 wells in 1998 and attained an average daily production rate of 422 BOE/D in December 1998.

LIBERTY COMPLETES REVERSE TAKEOVER OF ROCKPORT ENERGY CORPORATION

Liberty successfully completed a reverse takeover of Rockport Energy Corporation on November 30, 1998. During the takeover, the Company concluded a private placement of flow-through shares on November 4, 1998 for total proceeds of $1,061,201. The addition of the Rockport volumes increased Liberty's average daily production by 199 BOE/D to total 422 BOE/D in December 1998.

NAME CHANGE TO LIBERTY OIL & GAS LTD.

In finalizing the takeover, the name Rockport was changed to Liberty Oil & Gas Ltd. and new Liberty common shares totaling **10,917,123** were issued on November 30, 1998.

LIBERTY MANAGEMENT AND DIRECTORS

To conclude the process, the management and directors of Rockport resigned and were replaced by the management and directors of Liberty. The Liberty Board of Directors increased from four directors to five directors and is comprised of Messrs. Ewacha, Sych, Doyle and Bonnycastle, who made up the original Liberty board, and Mr. Iain Barr, who was previously a director of Rockport and has agreed to continue as a director of Liberty. The Liberty management team is detailed on pages 7 and 8 following, and is listed below:

Name	Position
Rick Ewacha	President & Chief Executive Officer
Rick Doherty	Controller & Chief Financial Officer
Russ Sych	Production Foreman
Fred Farkas	Exploration Manager
Susan Elliot	Land Manager
Greg Elliot	Operations Manager

ALBERTA STOCK EXCHANGE

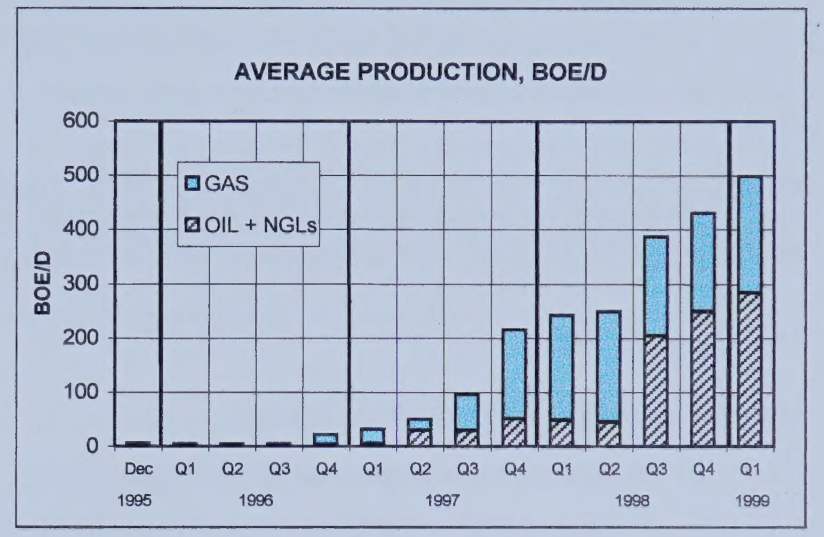
Liberty commenced trading on the Alberta Stock Exchange, under the trading symbol **LBR**, on December 15, 1998. Over the period from December 15, 1998 to April 30, 1999, Liberty has traded modest volumes ranging from $0.20/share to $0.40/share and traded at $0.40/share on April 30, 1999.

PRODUCTION

Liberty's daily average oil and gas production volumes have increased at a steady pace over the past three years and are summarized in the table and graph below:

DAILY AVERAGE PRODUCTION (MONTH OF DECEMBER)

	1996	1997	1998
OIL, BOE/D	6	53	232
GAS, BOE/D	18	173	190
TOTAL, BOE/D	24	226	422

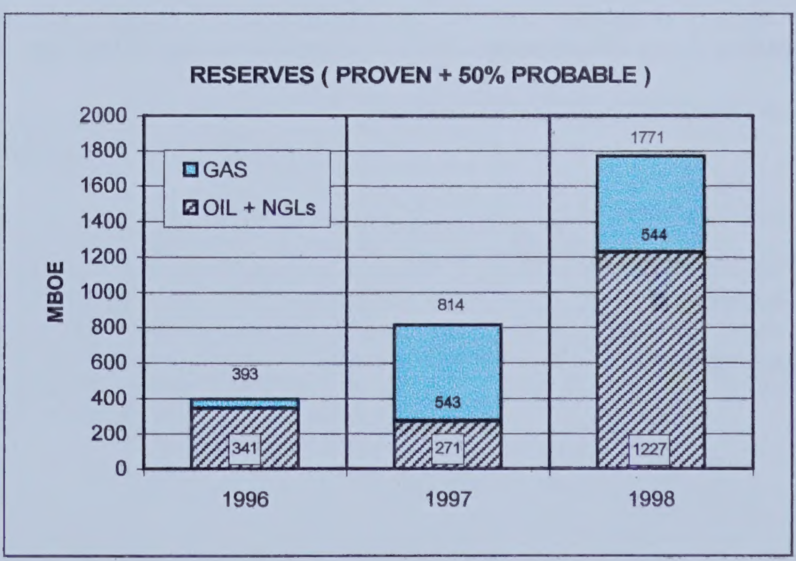


RESERVES

Liberty's oil and gas reserves (proven + 50% of probable) have also grown steadily over the past three years and are summarized in the following table and graph below. The engineering firm of **Gilbert Laustsen Jung Associates Ltd.** has just completed an independent evaluation of the Company's reserves as of December 31, 1998.

RESERVES

	1996	1997	1998
OIL, MBOE	341	271	1227
GAS, MBOE	52	543	544
TOTAL, MBOE	393	814	1771
RESERVE LIFE, YEARS	-	9.9	11.5



1998 PERFORMANCE

As was stated in Liberty's Shareholder Circular dated April 30, 1998, the Company's objectives for 1998 were as follows:

- To exit 1998 at a production rate of 500 BOE/D.
- To be publicly trading within the 1998 calendar year.
- To double Liberty's reserves base to 1600 MBOE.

Liberty, for the most part, achieved its objectives in 1998. The Company exited 1998 with a production rate of **472 BOE/D,** it commenced trading on the Alberta Stock Exchange under the trading symbol **LBR** on **December 15, 1998** and oil and gas reserves (proven + 50% probable) increased to **1771 MBOE.**

1999 OBJECTIVES

Liberty's objectives for 1999 are as follows:

- **To exit 1999 at a production rate of 1200 BOE/D.**
- **To increase oil and gas reserves to 3500 MBOE.**
- **To complete an acquisition in the range of $2,000,000 - $3,000,000.**

ACKNOWLEDGEMENTS

I would like to thank the Liberty staff and Liberty consultants for an outstanding performance in 1998.

Secondly, I would like to take this opportunity to officially welcome Iain Barr, Director, as a part of the Liberty team.

Finally, I would like to thank our shareholders for their continued faith and patience. I look forward to seeing many of you at our Annual General Meeting on May 28, 1999.

On behalf of the Board of Directors,

R. Ewacha

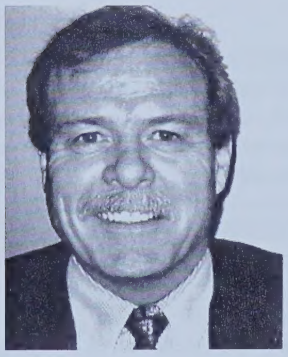
Rick Ewacha
President & CEO

May 12, 1999

MANAGEMENT TEAM

RICK EWACHA
President, Chief Executive Officer & Chairman of the Board

Rick Ewacha, 51, is the President and co-founded Liberty on November 6, 1995. Mr. Ewacha has 26 years of oil and gas experience including Shell Canada Ltd. (1973-1979) and Czar Resources Ltd. (1979-1995). Mr. Ewacha was the Vice President of Production at Czar from 1985 to 1995 and his areas of expertise include drilling, completions, workovers, well stimulations, production facilities, pipelines, gas plants, compressors, oil batteries, production operations, gas marketing and oil and gas acquisitions. Mr. Ewacha received a Bachelor of Science Degree in Mechanical Engineering from the University of North Dakota in 1973.

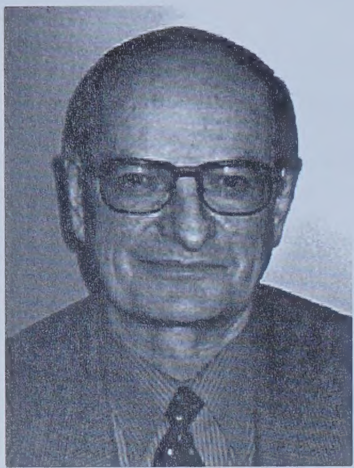


RICK DOHERTY
Controller & Chief Financial Officer

Rick Doherty, 48, joined Liberty as Controller in March, 1997 and in November, 1998 was promoted to Chief Financial Officer of the Company. Mr. Doherty has 22 years of oil and gas experience including Thorne Riddell Chartered Accountants (1977-1978), Norcen Energy Resources Limited (1979-1980), Maynard Energy Inc. (1981-1986), Royal Trust Energy Corporation (1986-1994), Cody Energy Canada Limited (1994-1997) and EnerMark Inc. (1997-1998). His areas of expertise include capital and operations budgeting, cash management and optimization, financial reporting, income tax planning, regulatory compliance, acquisition and divestiture due diligence as well as financial and operations accounting. Mr. Doherty received a Bachelor of Commerce Degree from the University of Calgary in 1977.

RUSS SYCH
Production Foreman and a Director

Russ Sych, 52, Production Foreman and a co-founder of Liberty, has served as a Director since November 20, 1995. Mr. Sych has 32 years of oil and gas experience including Canadian Superior (1967-1973), Andex Petroleum (1973-1975), and Czar Resources Ltd. (1975-1995). His areas of expertise include production operations, pipeline construction, lease construction and production facilities installations. Mr. Sych received a Power Engineering Diploma from the Southern Alberta Institute of Technology in 1971.



FRED FARKAS
Exploration Manager

Fred Farkas, 60, joined Liberty as a Geology Consultant in September 1997. Mr. Farkas has taken on the responsibility of Exploration Manager, on a contract basis, effective March 1, 1999. Mr. Farkas has 37 years of oil and gas experience including the ERCB (1962-1965), Sun Oil Company (1965-1971), Golden Eagle Oil & Gas Ltd. (1971-1973), Great Northern Oil Ltd. (1973-1978), Farkas Oil & Gas Ltd. (1978-1980) and Cabre Exploration Ltd. (1980-1995). His areas of expertise include exploration and exploitation geology, land strategy, drilling operations, reservoir engineering, economics, reserve determination and management. Mr. Farkas received a B.Sc. Honors Geology Degree from the University of British Columbia in 1962.

SUSAN ELLIOT
Land Manager

Susan Elliot, 44, joined Liberty as a Land Consultant in January 1997. Mrs. Elliot has taken on the responsibility of Land Manager, on a contract basis, effective March 1, 1999. Mrs. Elliot has 25 years of oil and gas experience including Norcen Energy Resources Limited (1974-1979), Ocelot Industries Ltd. (1979-1981), Joffre Resources Ltd. (1981-1983), Sulpetro Limited (1983-1984), Eagle Resources Ltd. (1984-1987), The RimOil Corporation (1988-1990) and Canadian Pioneer Energy Inc. (1990-1996). Her areas of expertise include negotiations, acquisitions and divestments, computerized land systems, coordination of land strategy, land management and land administration. Mrs. Elliot is a Professional Landman and is an active member of the Canadian Association of Professional Landmen.

GREG ELLIOT
Operations Manager

Greg Elliot, 44, joined Liberty as Operations Manager in March 1998. Mr. Elliot has 21 years of oil and gas experience including the ERCB (1978-1979), Sulpetro Ltd. (1980-1983), Czar Resources Ltd. (1984-1996) and Paramount Resources Ltd. (1997-1998). His areas of expertise include drilling, completions, workovers, horizontal underbalanced drilling and completions, well testing and analysis, pipeline and production facilities design and construction, economics, budgeting, marketing, safety and environmental management. Mr. Elliot received an Environmental Sciences Diploma in 1978 and is a Registered Engineering Technologist.

OPERATIONS SUMMARY

PRODUCTION

Liberty's production averaged 422 BOE/D (55% oil and 45% gas) for the month of December 1998. This represents an 87% increase over the same period in the prior year when production averaged 226 BOE/D (23% oil and 67% gas) for the month of December 1997. The exit rate for 1998 was 472 BOE/D with the addition of 50 BOE/D net from the Ingoldsby 1-29 / 9-20-3-31 W1 horizontal well which went on production on December 16, 1998.

RESERVES EVALUATION

The Company's reserves were evaluated by Gilbert Laustsen Jung Associates Ltd. as of December 31, 1998. Proved plus 50% probable reserves were 1771 MBOE (70% oil and 30% gas) at December 31, 1998 which represents a 118% increase over the proved plus 50% probable reserves of 814 MBOE (33% oil and 67% gas) at December 31, 1997.

The net present value discounted at 10% of the Company's proven plus 50% probable reserves was $14,955,000 at December 31, 1998 compared to a 10% NPV of $7,152,000 at December 31, 1997.

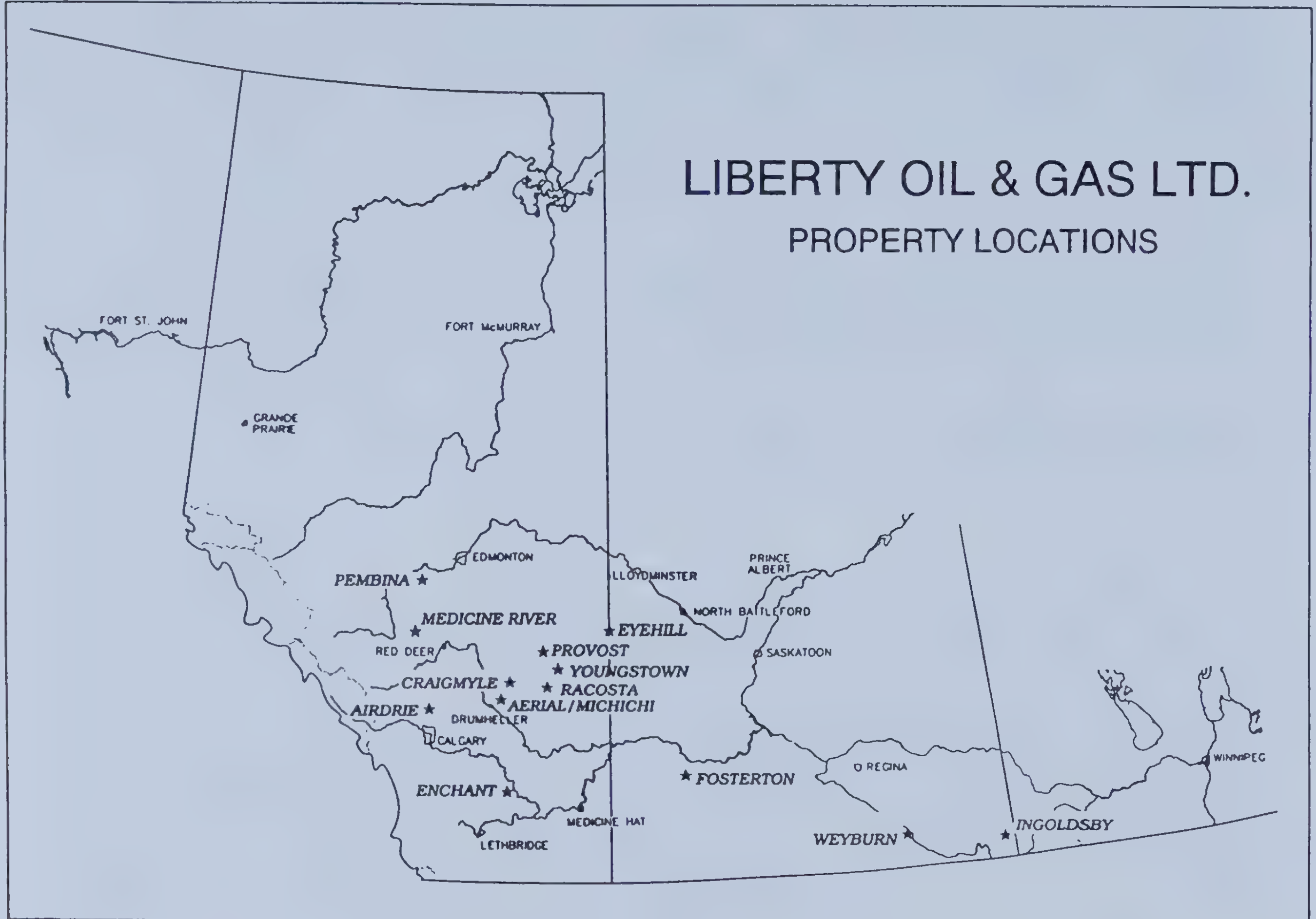
DRILLING

Liberty participated in the drilling of six wells in 1998 and achieved the following results:

Well	Liberty WI %	Result	Production Status
Provost 8-16-37-11 W4	77	L. Mannville gas	Expect to have on production in the fourth quarter of 1999 at a rate of 70 BOE/D net
Provost 7-21-37-11 W4	77	L. Mannville gas zone was wet	D&A
North Premier 6-27-14-19 W3	100	Structurally low	D&A
Drumheller 8-13-29-19 W4	100	L. Ostracod gas	On production Feb 20/99 at a rate of 60 BOE/D net
Ingoldsby Hz 1-29 / 9-20-3-31 W1	23.25	Frobisher oil	On production Dec 16/98 at a rate of 50 BOE/D net
Ingoldsby Hz 3-20 / 10-20-3-31 W1	85	Initial horizontal leg was unsuccessful; plan to re-drill Hz leg in June 1999	To be determined

Liberty expects to be active in 1999 with drilling locations proposed in Ingoldsby, Fosterton, Provost, Aerial and Youngstown.

MAJOR PROPERTIES



AERIAL (T 29, R 18 W4), ALBERTA

Aerial is Liberty's core producing area and is situated 10 miles east of Drumheller. Liberty's average daily production for the Aerial area is 212 BOE/D (37% oil and 63% gas).

Liberty's plans for 1999 include the installation of a refrigeration plant to extract natural gas liquids from the reinjected solution gas, the recompletion of two existing wells in uphole gas zones to increase gas production and the drilling of up to 3 new wells for incremental oil and gas production.

FOSTERTON (T 17, R 18 W3), SASKATCHEWAN

Fosterton is a Roseray sandstone medium oil prospect (22° API) in southwestern Saskatchewan. Liberty is the operator and the Company has a 70% working interest in 1.1 sections. Seismic data recently acquired by Liberty indicates 2 drillable locations on Liberty's lands. The wells are shallow (975 m), drilling costs are reasonable ($175,000 per well) and expected production is 100 BOE/D per well. Liberty intends to drill a well in Fosterton in June 1999.

INGOLDSBY (T 3, R 31 W1), SASKATCHEWAN

Ingoldsby is a Frobisher light oil prospect (30° API) in southeastern Saskatchewan. Ingoldsby is expected to be a key area for Liberty in 1999. The Company has interests ranging from 23.25% to 38.75% in 3 producing wells in the pool with current net production of 67 BOE/D. A six square mile 3D seismic program shot in 1998 indicates that there are 2-4 horizontal drilling locations on the Liberty lands on 80 acre spacing.

Liberty participated in the drilling of 2 horizontal wells in Ingoldsby in 1998, with one success. The 1-29 / 9-20-3-31 W1 well (Liberty 23.25% WI) went on production at an initial rate of 220 BOE/D on December 16, 1998. The 3-20 / 10-20-3-31 W1 well drilled by Liberty (Liberty 85% WI) encountered poor permeability and has been suspended. The Company intends to re-drill the horizontal leg in June 1999 utilizing the existing cased wellbore, which will substantially reduce the cost. The outcome of the re-drill will have a major bearing on further horizontal drilling on the prospect.

PROVOST (T 37, R 11 W4), ALBERTA

During 1998, Liberty and its partners developed a Lower Mannville gas pool in Provost with the drilling of 2 wells, 8-16-37-11 W4 and 7-21-37-11 W4 (Liberty 77% WI). The 8-16 well flowed at a rate of 1 MMcf/d (100 BOE/D) on an extended flow test. The 7-21 well encountered the Lower Mannville gas zone but the formation was wet and the well was abandoned.

Through farmin and Crown land sales, Liberty has acquired interests ranging from 23.1% to 77% in 5 ¾ sections in the Provost area. The Company plans to drill a well on the Provost lands in 1999. This would add sufficient additional proven reserves to justify the connection of Liberty's wells and the commencement of production by the end of 1999.

EYEHILL (T 40, R 28 W3), SASKATCHEWAN

Eyehill is located just east of the Alberta/Saskatchewan border, 50 miles south of the city of Lloydminster. Oil production is obtained from the Sparky sandstone and the Dina sandstone. Liberty has a 19.4% working interest in 23 producing wells in the non-operated Eyehill field. Liberty's net daily average production is 115 BOE/D. Liberty intends to conduct a comprehensive technical review of the Eyehill area in 1999 with a view to optimizing the Company's assets in the Dina and Sparky formations.

MANAGEMENT'S DISCUSSION & ANALYSIS

FINANCIAL POSITION

Liberty estimates, based upon the Gilbert Laustsen Jung Report, that cash flow projections, the capital expenditures relating to future development and exploration activities, debt service requirements, operating and general and administrative expenses will be funded by cash flow from operations and available bank lines.

Liberty has achieved its growth through a balanced position of acquiring producing oil and natural gas properties together with a progressive plan of exploitation and development. Liberty has completed several private equity issues and has arranged a bank line of credit to fund capital projects and facility installations.

Adding value to the shareholders' position is the primary focus of managing Liberty's asset growth and development objectives.

The product pricing of the industry is volatile and Liberty is determined to minimize the effect of the pricing fluctuations with an even balance of oil and gas reserves and production.

Liberty is conscious of its environmental responsibility and annually provides financial commitments for site restorations and well abandonments, in accordance with industry standards.

The Company's total future site restoration and abandonment liability has been estimated at $739,000 of which $64,342 has been accrued to December 31, 1998.

Liquidity and Capital Resources

During the year ended December 31, 1998, Liberty's $2.9 million capital expenditure program consisted of land acquisitions of $0.1 million, drilling and completions of $2.2 million and well equipment and facilities of $0.6 million.

The 1998 capital expenditure program was financed primarily from cash flow of $0.4 million, available line of credit of $1.3 million and a private placement of flow through share equity of $1.1 million.

At December 31, 1998, Liberty had a working capital deficiency of $0.8 million with an available line of credit for an equal amount compared to a minor working capital deficiency at December 31, 1997.

CAPITAL RESOURCES

Year Ended December 31

	1998	1997
	($ thousands)	
Cash flow from operations	**352**	116
Working capital (deficiency)	**(837)**	(9)
Bank Loan	**4,160**	1,184
Equity issues, net of costs and the tax effect of flow through shares	**3,450**	512

Bank Loan

Bank loan at December 31, 1998, net of working capital, increased to $5.0 million compared to $1.2 million at December 31, 1997. The increase in bank loan, net of working capital is due primarily to the assumption of indebtedness included in the Rockport acquisition of $2.1 million, the partial funding of Liberty's 1998 capital expenditure program of $1.3 million and share issue costs related to the Rockport reverse takeover of $0.3 million.

VARIATIONS IN OPERATING RESULTS

The following is a summary of the variations in Liberty's operating results for the years ended December 31, 1998 and December 31 1997:

Cash Flow

Cash flow for the year ended December 31, 1998 was **$352,170**, an increase of 204% compared to $115,564 for the same period in 1997.

The increase in cash flow for 1998 is primarily due to the increased production rates during 1998. Natural gas price increases were offset by reductions encountered in weakening oil and natural gas liquids prices.

Cash flow per share for the year ended December 31, 1998 was **$0.0510 per share** based on the weighted average number of shares outstanding during 1998 and represented a 69% increase compared to $0.0204 cash flow per share for the same period in 1997.

Annual Sales Volumes

Oil and NGLs sales volumes for the 1998 year totalled **33,988 BOE (an average of 93 BOE/D)**, an increase of 189% compared to 11,750 BOE (an average of 32 BOE/D) for the same period in 1997.

Natural gas sales volumes for the 1998 year totalled **646,341 Mcf (an average of 177 BOE/D)**, an increase of 210% compared to 207,959 Mcf (an average of 57 BOE/D) for the same period in 1997.

The Company's production for 1998 was attributable to 34% of oil and NGLs and 66% of natural gas compared to 36% and 64% respectively for the same period in 1997.

Product Prices

Oil and NGLs selling prices averaged **$15.11/BOE** during 1998, a 37% reduction compared to $23.98/BOE for the same period in 1997.

The average selling price for natural gas during 1998 was **$2.02/Mcf**, a 10% increase compared to $1.83/Mcf for the same period in 1997.

Annual Gross Sales

Oil and NGLs sales for the 1998 year totalled **$513,488**, an increase of $231,760 compared to $281,728 for the same period of 1997.

The increase in oil sales for 1998 attributable to higher volumes was $335,974 and was offset by $104,214 due to lower oil and NGLs prices.

Natural gas sales for the 1998 year totalled **$1,305,382**, an increase of $924,997 compared to $380,385 for the same period in 1997.

The increase in natural gas sales for 1998 attributable to higher volumes was $885,377 and included $39,620 due to higher natural gas prices.

Weak oil and NGLs prices had a significant impact on the Company's cash flow for 1998.

Oil and Gas Sales (net of royalties) and Processing Fees

Gross oil and natural gas sales are reduced by Crown royalties net of the ARTC and overriding royalty burdens and are increased by gas processing fees charged to third parties.

Oil and gas sales (net of royalties) and processing fees for the 1998 year totalled **$1,638,528**, an increase of $1,097,230 compared to $541,298 for the same period in 1997.

Operating

Operating expenses for the 1998 year totalled **$725,795**, an increase of $518,863 compared to $206,932 for the same period in 1997. The increase in operating expenses is consistent with expanded operations and includes non-recurring expenses of $49,537. For 1998, operating expenses averaged **$6.86 per BOE** ($6.13 per BOE after deducting processing income) compared to an average of $6.36 per BOE for the same period in 1997.

General and Administrative

General and administrative expenses for the 1998 year totalled **$432,449**, an increase of $216,571 compared to $215,878 for the same period in 1997.

The 1998 general and administrative expenses averaged **$4.38 per BOE** compared to the 1997 average of $6.63 per BOE, a reduction of 34%.

The increase in general and administrative expenses is a result of staffing and office expansion to meet increased activity generated by drilling and facilities projects and oil and gas acquisitions.

Interest on Long Term Debt

Interest expense for the 1998 year totalled **$136,260**, an increase of $124,354 compared to $11,906 for the same period in 1997.

The increase is a result of expanded credit facilities covering a portion of the 1998 capital expenditures program and the assumption of the bank loan included in the acquisition of Rockport.

The bank's prime rate fluctuated from a low of 6.0% to a high of 7.5% and averaged **6.65%** for the year.

Depletion and Amortization

Depletion and amortization provisions for the 1998 year totalled **$967,235**, an increase of $767,760 compared to $199,475 for the same period in 1997.

The increase in the 1998 provision is primarily due to an expanded capital expenditure base and increased production levels.

Net Earnings (Loss)

Net earnings (loss) for the 1998 year totalled **($615,065)**, an increase of ($531,154) compared to ($83,911) for the same period in 1997.

Basic and fully diluted earnings (loss) per share for the 1998 year were **($0.0890)** compared to ($0.0148) for the same period in 1997.

Business Risks

The 1998 year has been an excellent reminder of the risks inherently involved in oil and gas exploration. Commodity prices of oil and natural gas are beyond the control of the Company and the volatility of commodity pricing can significantly affect the level of the Company's cash flow. The Company's strategy to minimize the effects of pricing fluctuations is to maintain an even balance of oil and gas reserves and production.

Year 2000 Compliance (Y2K)

To date, Liberty has identified the areas of potential risk and the Company has no internally generated software. Liberty utilizes land, financial accounting and production accounting systems, which the external software vendors have indicated are Y2K compliant. During 1998, the Company upgraded its computer network to be Y2K compliant. Additionally, the Company does not expect any disruptions in its production operations due to Y2K issues.

OUTLOOK FOR 1999

The outcome of well drilling activities, production rates, product prices and interest rates all contribute to the Company's level of performance.

Liberty has reviewed the key indicators for the first four months of 1999, and while it is still early in the year, the Company is optimistic that current trends will continue for the balance of 1999. An assessment of these indicators is detailed below.

Production
The 1998 exit production rate of 472 BOE/D has increased steadily to 555 BOE/D as at April 30, 1999. For the remainder of 1999, Liberty will continue to exploit its current land position and drillable prospects with a goal of achieving a 1999 exit rate of 1200 BOE/D.

Product Prices
The West Texas Intermediate crude oil price at December 31, 1998 was $11.75 US per barrel and has increased dramatically to a level of $18.53 US per barrel as at April 30, 1999. The natural gas spot price received by Liberty has also increased steadily from an average of $2.45/Mcf for the month of January 1999 to an average of $2.76/Mcf for the month of April 1999.

Interest Rates
The bank's prime lending rate was lowered to 6.25% on May 5, 1999. This represents a ½% decrease from the prime rate of 6.75% at December 31, 1998 and reduces the cost of servicing our current bank loan. The bank's prime lending rate averaged 6.65% for the year ended December 31, 1998.

Liberty is in a strong position heading into 1999. Entering its 4th year of operations, the Company has built an excellent management team and has developed a sound infrastructure. The Company has also assembled an extensive land base containing several drillable prospects on Liberty operated lands which will be developed in 1999. As was stated earlier in the report, the Company intends to drill wells this year in Ingoldsby, Fosterton, Provost, Aerial and Youngstown. The strengths of the program include the following:

- The drilling will take place on existing Liberty operated lands.
- The drilling costs in all cases are very reasonable and very cost effective.
- There is significant upside potential in several of the drilling locations.
- The program, if carried out in its entirety, is projected to raise the Company's production level to 1200 BOE/D by year end 1999.
- The program is balanced between gas and oil prospects.
- The program will be funded by cash flow and available bank line.
- The Company's budget for 1999 provides for a repayment of bank loan principal of $400,000 by year end as well as funding for the drilling program.

Liberty has set challenging goals for 1999 and is pleased that the indicators which contribute to its level of performance have to date been positive.

REVISED FINANCIAL STATEMENTS

MANAGEMENT'S REPORT TO THE SHAREHOLDERS

The accompanying financial statements are the responsibility of management. The financial statements have been prepared by management in accordance with the accounting policies outlined in the notes to the financial statements. Financial statements include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with generally accepted accounting principles.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are appropriately authorized, assets are safe-guarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

BDO Dunwoody LLP, the external auditors, conduct an independent examination of the financial statements in accordance with generally accepted auditing standards in order to express their opinion on the financial statements. Their examination includes a review and evaluation of the Company's system of internal controls and such tests and procedures as considered necessary to provide reasonable assurance that the financial statements are presented fairly.

The audit committee of the Board of Directors, with a majority of its members being outside directors, have reviewed the financial statements, including notes thereto, with management and BDO Dunwoody LLP. The financial statements have been approved by the Board of Directors on the recommendations of the audit committee.

R. Ewacha
Rick Ewacha
Chief Executive Officer

Rick Doherty
Rick Doherty
Chief Financial Officer

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheets of Liberty Oil & Gas Ltd. as at December 31, 1998 and 1997 and the statements of operations and deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1998 and 1997 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants
Calgary, Alberta
April 1, 1999 (except as to Note 16 which is dated May 19, 1999)

BALANCE SHEETS

As at December 31	1998	1997
Assets		
Current		
Cash and short-term deposits	$ **4,498**	$ 16,804
Accounts receivable	**592,161**	601,862
Prepaid expenses	**35,212**	17,235
Promissory note due from a shareholder (Note 5(a))	**-**	70,000
	631,871	705,901
Property, plant and equipment, net of accumulated depletion and amortization (Note 6)	**10,127,192**	3,546,227
Future income taxes (Note 9(c))	**113,980**	-
	$ **10,873,043**	$ 4,252,128
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	$ **1,538,843**	$ 714,726
Bank loan (Note 7)	**4,159,701**	1,184,305
Future site restoration and abandonment	**64,342**	8,090
	5,762,886	1,907,121
Shareholders' equity		
Share capital (Note 8)	**5,985,812**	2,535,597
Share purchase loan (Note 5(b))	**(70,000)**	-
Contributed surplus (Note 8)	**26,738**	26,738
	5,942,550	2,562,335
Deficit	**(832,393)**	(217,328)
	5,110,157	2,345,007
	$ **10,873,043**	$ 4,252,128

Approved on behalf of the Board:

_______________ Director

_______________ Director

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF OPERATIONS AND DEFICIT

For the years ended December 31	1998	1997
Revenue		
Oil and gas sales (net of royalties) and processing fees	$ 1,638,528	$ 541,298
Interest income	8,146	8,982
	1,646,674	550,280
Expenses		
Operating	725,795	206,932
General and administrative	432,449	215,878
Interest on long term debt	136,260	11,906
	1,294,504	434,716
Income before depletion and amortization	352,170	115,564
Depletion and amortization	967,235	199,475
Net loss for the year	(615,065)	(83,911)
Deficit, beginning of year	(217,328)	(133,417)
Deficit, end of year	$ (832,393)	$ (217,328)
Revised (Note 16)		
Earnings per share before depletion and amortization	$ 0.0510	$ 0.0204
Basic and fully diluted earnings (loss) per share	$ (0.0890)	$ (0.0148)
Weighted average number of shares outstanding during the year	6,911,773	5,672,422

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the years ended December 31	1998	1997
Cash provided (used) by		
Operating activities		
Operations		
Net loss for the year	$ (615,065)	$ (83,911)
Item not involving cash:		
Depletion and amortization	967,235	199,475
Cash flow from operations	352,170	115,564
Changes in non-cash working capital balances	229,045	(348,653)
	581,215	(233,089)
Financing activities		
Issuance of share capital, net of redemptions, related costs and future tax effect	3,515,827	684,954
Contributed surplus	-	26,738
Bank loan	1,305,660	1,184,305
Changes in non-cash working capital balances	110,000	(40,000)
	4,931,487	1,855,997
Investing activities		
Acquisition of Rockport Energy Corporation (Note 3)	(2,698,000)	-
Property, plant and equipment	(2,867,061)	(3,383,693)
Changes in non-cash working capital balances	40,053	492,362
	(5,525,008)	(2,891,331)
Decrease in cash and short-term deposits for the year	(12,306)	(1,268,423)
Cash and short-term deposits, beginning of year	16,804	1,285,227
Cash and short-term deposits, end of year	$ 4,498	$ 16,804

Revised (Note 16)

Cash flow from operations per share (1)	$ 0.0510	$ 0.0204
Weighted average number of shares outstanding during the year	6,911,773	5,672,422

(1) Fully diluted cash flow per share has not been disclosed as it is not materially different

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 1998 and 1997

1. Incorporation and Operations

Liberty Oil & Gas Ltd. (the "Company") was incorporated under the Business Corporations Act (Alberta) on March 8, 1994 and commenced operations in November 1995. On November 30, 1998 the Company amalgamated with Rockport Energy Corporation and will continue as Liberty Oil & Gas Ltd. under the Canada Business Corporations Act. The Company's principal business is the acquisition, exploration and development of oil and gas properties.

2. Significant Accounting Policies

The financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles in Canada. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

(a) Property, plant and equipment

The Company follows the full cost method of accounting for acquisition, exploration and development expenditures wherein all costs related to the acquisition, exploration and development of oil and gas reserves are initially capitalized. Costs capitalized include land acquisition costs, geological and geophysical expenditures, lease rentals on undeveloped properties, costs of drilling both productive and non productive wells, together with overhead and interest directly related to exploration and development activities. Gains or losses are not recognized upon disposition of oil and natural gas properties unless such a disposition would significantly lower the rate of depletion and amortization. General and administrative expenses related to geology and acquisition of oil and gas properties are capitalized.

Costs capitalized, together with the costs of production equipment, are depleted on the unit-of-production method, based on the estimated net proven reserves.

In applying the full cost method, the Company performs a ceiling test on properties which restricts the capitalized costs less accumulated depletion from exceeding an amount equal to the estimated undiscounted value of future net revenues from proven oil and gas reserves, as determined by independent engineers, based on sales prices achievable under existing contracts and posted average reference prices in effect at the end of the year and current costs, and after deducting estimated future general and administrative expenses, production related expenses, financing costs, future site restoration costs and income taxes. No assessment is made within the first 24 months after a property is acquired, unless a permanent impairment in the ultimate recoverable amount has been determined.

2. Significant Accounting Policies (Continued)

(a) Property, plant and equipment - continued

The continued recoverability of amounts shown for petroleum and natural gas properties is dependent upon the discovery of economically recoverable reserves and the ability of the Company to obtain the necessary financing to complete the development and future profitable production or proceeds from the disposition of oil and gas properties.

Estimated net future site restoration and abandonment costs are provided for on the unit-of-production method based on the estimated net proven reserves. Estimated costs are based on engineering estimates in accordance with current legislation and industry practices. Actual expenditures incurred are applied against future site restoration provisions.

Where oil and gas activities are conducted jointly with others, the financial statements reflect only the Company's proportionate interest in such activities.

Automobiles, office furniture, computer hardware, computer software and well data are recorded at cost and amortized using the declining balance basis at annual rates ranging from 20-100%. In the year of acquisition, one-half the annual rate is used. Software licenses are amortized straight line over 36 months from acquisition.

(b) Flow-through shares

Share capital includes flow-through shares issued pursuant to certain provisions of the Income Tax Act of Canada ("the Act"). The Act provides that, where the share issuance proceeds are used for exploration and development expenditures, the related income tax deductions may be renounced to subscribers. Accordingly, these expenditures provide no tax deduction to the Company.

Share capital and property, plant and equipment are reduced by the estimated amount of related future tax liability upon completion of the financing.

(c) Financial instruments

The Company carries a number of financial instruments as detailed on the balance sheet. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

(d) Measurement uncertainty

The amounts recorded for depletion of property, plant and equipment and the provision for future site restoration and reclamation are based on estimates. The ceiling test is based on estimates of proven reserves, production rates, oil and gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes and estimates in future periods could be significant.

2. Significant Accounting Policies (Continued)

(d) Measurement uncertainty - continued

The financial statements include accruals based on the terms of existing joint venture agreements. Due to varying interpretations of the definition of terms in these agreements the accruals made by management in this regard may be significantly different from those determined by the Company's joint venture partners. The effect on the financial statements resulting from such adjustments, if any, will be reflected prospectively.

3. Business Combination

During 1998 the Company acquired Rockport Energy Corporation ("Rockport") via a reverse takeover. The share for share exchange ratio agreed upon was 4.8696 common shares of Rockport for one common share of Liberty.

The business combination has been accounted for by the purchase method, with Liberty being deemed the acquirer, based on the fair values of the assets and liabilities acquired effective November 30, 1998 as follows:

Property, plant and equipment	$ 3,451,821
Working capital deficiency	(436,743)
Bank loan	(1,669,736)
Deferred site restoration and abandonment	(168,675)
Book value of assets acquired	1,176,667
Value attributed to shares acquired	2,698,000
Purchase price discrepancy allocated to property, plant and equipment	$ 1,521,333

The operations of the two companies were amalgamated on November 30, 1998, which was the date of acquisition.

4. Accounts Receivable

A significant portion of the Company's trade accounts receivable are from businesses in the oil and gas industry and, as such, the Company is exposed to all the risks of that industry.

5. Loans Receivable

(a) The promissory note bore interest at prime plus one percent. The note was repaid in 1998.

Interest income includes $5,360 received according to the above terms.

(b) During 1998, the Company advanced funds to an officer and director to assist with the director's acquisition of shares in the flow-through share offering that closed on November 4, 1998. The loan is unsecured and bears interest at prime plus 1%.

6. Property, Plant and Equipment

December 31, 1998	Cost	Accumulated depletion and amortization	Net Book Value
Furniture and equipment	$ 137,671	$ 27,391	$ 110,280
Petroleum and natural gas properties and equipment	11,127,788	1,110,876	10,016,912
	$ 11,265,459	$ 1,138,267	$ 10,127,192

December 31, 1997	Cost	Accumulated depletion and amortization	Net Book Value
Furniture and equipment	$ 38,515	$ 9,118	$ 29,397
Petroleum and natural gas properties and equipment	3,734,996	218,166	3,516,830
	$3,773,511	$ 227,284	$3,546,227

During 1998, the Company capitalized $116,337 (1997 - $83,800) of general and administration expenses related to geology and $48,304 (1997 - $48,000) of general and administration expenses related to acquisition of oil and gas properties.

As at December 31, 1998, costs of acquiring unproved properties in the amount of $402,500 (1997 - $Nil) were excluded from depletion calculations. Future salvage values used in determining depletion of oil and natural gas properties were estimated in aggregate to be $1,947,100 (December 31, 1997 - $576,600).

7. Bank Loan

(a) To fund certain oil and gas property acquisitions and complete development drilling and equipping projects, the Company arranged a prime plus one percent revolving reducing demand loan in the amount of $2,150,000. The demand loan limit reduced by $100,000 per month commencing December 28, 1997.

At December 31, 1997, $1,184,305 was drawn against this facility.

7. Bank Loan (Continued)

The loan facilities were secured by a registered first, fixed and floating charge debenture in the face amount of $10,000,000 and a general assignment of book debts.

This loan facility was settled during 1998.

(b) The Company has a demand revolving operating credit facility with a maximum limit of $5,000,000. Interest is paid monthly at prime plus one half percent per annum.

At December 31, 1998 $4,159,701 was drawn against this facility. While the credit facility is of a demand nature, the bank has stated that it is not their intention to call for the repayment of the outstanding amount before January 1, 2000 provided there is no adverse change in the Company's financial position. Accordingly, the loan is classified as long term.

The loan facilities are secured by a general security agreement over the Company's assets and a registered first, fixed and floating charge debenture in the face amount of $10,000,000 covering all assets of the corporation and a negative pledge and undertaking to provide additional security.

The Company is exposed to interest rate cash flow risk as a result of this floating rate debt.

8. Share Capital

(a) Authorized

Unlimited Common voting shares
Unlimited Class A preferred shares

(b) Issued

The capital structure of the Company has changed due to the reverse takeover and amalgamation effected as detailed in Note 3.

8. Share Capital (Continued)

	December 31, 1998		December 31, 1997 (Restated (1))	
	Number of Shares	Amount	Number of Shares	Amount
Common shares				
Balance, beginning of year, as previously stated	**7,937,000**	**$2,535,597**	6,664,000	$2,024,443
Adjustment for stock consolidation and share exchange ratio (1)	**(1,495,334)**	**-**	(1,255,498)	-
Balance, as restated	**6,441,666**	**$ 2,535,597**	5,408,502	$ 2,024,443
Issued for cash pursuant to:				
Private placements (1)	**-**	**-**	134,722	83,000
Executive recruitment incentive (1)	**-**	**-**	300,294	74,000
Warrants exercised (1)	**-**	**-**	324,642	140,000
Flow-through shares (1)	**1,263,418**	**1,061,201**	476,408	469,600
Tax effect of flow through shares	**-**	**(179,592)**	-	(173,800)
Repurchased and cancelled shares (1)	**-**	**-**	(202,902)	(76,738)
Issued upon acquisition of Rockport (Note 3)	**3,212,039**	**2,698,000**	-	-
Cost of private placements benefits, net of future income taxes (Note 9 (c))	**-**	**(129,394)**	-	(4,908)
Balance, end of year	**10,917,123**	**$ 5,985,812**	6,441,666	$ 2,535,597

(1) *To give effect to a 6:1 stock consolidation and share exchange ratio (Note 3) effected November 30, 1998.*

(c) Contributed surplus

In 1997 the Company repurchased 202,902 shares for cash consideration of $50,000. The difference between the cash consideration and the stated value of the repurchased shares was credited to contributed surplus.

(d) Stock options

276,962 replacement stock options were issued for existing options outstanding in Rockport pursuant to the acquisition described in Note 3. At December 31, 1998, 398,703 (1997 – Nil) common shares are reserved for issuance under a stock option plan established for directors, officers, employees and consultants of the Company.

1998 Number	Exercise price per share	Expiry date
144,463	$2.10	February 12, 2000
58,333	$1.50	January 1, 2001
121,741	$0.99	January 31, 2001
74,166	$0.78	March 14, 2001
398,703		

8. Share Capital (Continued)

(e) Warrants

In conjunction with private placements in 1996, the Company had issued warrants entitling the warrant holder to subscribe for one common share for every warrant held, at a price of $0.35 per share on or before September 30, 1997. As at September 30, 1997, 400,000 warrants were exercised for $140,000 and 950,000 warrants expired. There were no warrants outstanding at December 31, 1997 or at December 31, 1998.

9. Income Taxes

(a) The effective rate of income tax varies from the statutory rate as follows:

	1998	1997
Combined tax rate	**45%**	39%
Expected income tax provision (recovery) at statutory rate	$ **(276,779)**	$ (32,725)
Permanent differences from resource additions	**6,299**	30,933
Other permanent differences	**(3,010)**	(730)
Unrecognized timing differences	**435,255**	(220,253)
Unrecognized loss carryover balances	**(161,765)**	222,775
Actual income tax provision	$ -	$ -

(b) At the end of the year, subject to confirmation by income tax authorities, the Company has the following undeducted tax pools:

December 31	1998	1997
Canadian Oil and Gas Property Expenses	$ **1,487,677**	$ 892,327
Canadian Exploration Expenses	$ **1,998,084**	$ -
Canadian Development Expenses	$ **2,944,476**	$ 905,260
Undepreciated Capital Cost	$ **2,783,738**	$ 1,249,583
Share Issue Costs	$ **253,287**	$ 20,461
Non-Capital Losses, expiring at varying dates before December 31, 2005	$ **585,091**	$ 737,220

(c) The Company has opted for early adoption of the Canadian Institute of Chartered Accountants' recommendation with respect to future income taxes. Future tax liabilities associated with oil and gas properties resulting primarily from the issue of flow through shares have been netted against property, plant and equipment (Note 2(b)).

9. Income Taxes (Continued)

In addition, the Company has recognized $113,980 as a future income tax asset and a reduction of share issue costs for tax benefits to be utilized with respect to share issue cost pools available at December 31, 1998.

10. Related Party Transactions

During the year ended December 31, 1998, the Company:

(a) charged $5,360 of interest on a loan to a shareholder as detailed in Note 5(a); and
(b) issued 36,928 shares of the total 259,450 flow-through shares to officers and directors of the Company.
(c) advanced $70,000 to an officer and director as a share purchase loan (Note 5(b)).

11. Commitments

(a) The Company is committed to leased office premises with future lease payments, exclusive of common costs, as follows:

1999	$ 49,118
2000	46,849
2001	43,680
2002	47,320
	$ 186,967

The leases expire September 30, 2000 and December 30, 2002.

(b) The Company is committed to leased vehicles under an operating lease with future lease payments as follows:

1999	$ 16,522
2000	10,161
2001	4,020
	$ 30,703

(c) Rockport entered into agreements with two officers under which the Company committed to compensate the officers for a maximum of approximately $253,000 in the event of termination of their positions as a result of dismissal without just cause. The Company also committed to replacing the Rockport stock options the two officers held with equivalent stock options of the Company. At December 31, 1998 the two former officers of Rockport were employed by the Company and the replacement stock options were issued subsequent to year end, effective November 30, 1998.

11. Commitments (Continued)

(d) The Company has entered into several short term agreements to deliver oil and natural gas products. The contracts may be cancelled with 30 days notice from either party.

12. Segmented Information

The Company operates in one segment, the oil and gas industry in Canada. As is normal to industry, 85% (69% and 16%, respectively) of the Company's sales were to two customers.

13. The Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000.

If the Year 2000 Issue is not addressed by the Company and its major customers, suppliers and other third party business associates, the impact on the Company's operations and financial reporting may range from minor errors to significant systems failure which could affect the Company's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Company, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

14. Comparative Figures

Certain comparative figures have been restated to conform with current year presentation.

15. Subsequent Events

Subsequent to December 31, 1998 two employees of the Company served the Company with breach of contract notices, claiming that the terms of their employment agreements as described in Note 11 (c) were not met. Management is of the opinion that these claims are without merit. As a result, no provision has been made for these claims in the financial statements. However, should any loss result from the resolution of these claims, such loss would be accounted for in the period in which it occurs.

16. Revised Statements of Operations and Changes in Financial Position

On May 19, 1999 an error in the calculation of the weighted average number of shares outstanding for each of the years ended December 31, 1998 and 1997 was noted. The error resulted from the share exchange ratio effected for the Rockport transaction not being applied retroactively.

As a result, the following changes were made:

	1998	
	As Previously Stated	**Restated**
Earnings per share before depletion and amortization	$ 0.1673	**$ 0.0510**
Basic and fully diluted earnings (loss) per share	$ (0.2921)	**$ (0.0890)**
Cash flow from operations per share	$ 0.1673	**$ 0.0510**
Weighted average number of shares outstanding during the year	2,105,645	**6,911,773**

	1997	
	As Previously Stated	**Restated**
Earnings per share before depletion and amortization	$ 0.0992	**$ 0.0204**
Basic and fully diluted earnings (loss) per share	$ (0.0720)	**$ (0.0148)**
Cash flow from operations per share	$ 0.0992	**$ 0.0204**
Weighted average number of shares outstanding during the year	1,164,864	**5,672,422**

The number of shares issued as disclosed in Note 8 has been revised to give effect to the share exchange ratio resulting from the Rockport transaction.

MEETING NOTES

HEAD OFFICE

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BOARD OF DIRECTORS

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President, CEO and Chairman of the Board

Russ Sych
Production Foreman

John Doyle
President, Netook Construction Ltd., Olds

Dick Bonnycastle[1]
President, Cavendish Investing Ltd., Calgary

Iain Barr[1]
VP Finance, Pacific West Systems Supply Ltd., Vancouver

[1] **Members of the Audit Committee**

KEY PERSONNEL

Rick Ewacha
President & Chief Executive Officer

Rick Doherty
Controller & Chief Financial Officer

Russ Sych
Production Foreman

Fred Farkas
Exploration Manager

Susan Elliot
Land Manager

Greg Elliot
Operations Manager

Cherie Boon
Financial Accountant

STOCK LISTING

Alberta Stock Exchange: **ASE**

Stock Symbol: **LBR**

No. of Shares Issued
& Outstanding as of
May 12, 1999: **10,917,123**

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